

Citizens Utilities Position

Issue: Can a Standard Offer customer own a meter?

On the surface this is a simple question. Unfortunately, the concept of Standard Offer customers owning their own meters raises a number of difficult clarification questions, namely:

- Do the current Electric Competition Rules allow for the partial unbundling of bundled Standard Offer service?
- Would a customer returning from Direct Access to Standard Offer service be REQUIRED to own the meter?
- If not, does the decision belong to the customer, ESP, or UDC?
- If meter had previously been owned by ESP or MSP would they be required to sell if the customer so desired?
- Would there be tariffs to limit the price ESP's charged customers for meters and metering equipment?
- Are instrument transformers included as part of the meter?
- If so can the customer own the meter but not the instrument transformers? And at whose discretion?
- Can customers who have never left Standard Offer own their own meters?
- If customers can return to S.O. with their existing meter doesn't this effectively limit the type of metering that can be used in Direct Access since the UDC would be required to support not only their own metering but any D.A. meters used in their territory?
- Does the previous fact lead to UDC approved D.A. meter lists in each service territory?
- If so, will there be a uniform list of D.A. meters across Arizona?
- How will UDC's recover the significant software and hardware costs required to support multiple, non-uniform meter types?
- Will UDC Standard Offer tariffs require modification to further unbundle the meter ownership component from unbundled Metering Services?

Discussion

Citizens Utilities believes that Arizona's Standard Offer customers can not and should not own their electric meter. Arizona's current Electric Competition Rules do not currently support Standard Offer customers owning meters. Further, any Rules change that would allow this create numerous questions and problems for utilities, service providers, and customers.

Current Electric Competition Rules:

The Rules define Standard Offer Service as Bundled Service offered by the Affected Utility or UDC to all consumers in the AU's or UDC's service territory at regulated

rates including metering, etc. Meter ownership is clearly a part of the regulated function of Metering Services, itself defined as a component of Standard Offer Service in R14-2-1606 C.2.a. If Standard Offer service is the bundled provision of otherwise competitive and non-competitive services, how can a service that doesn't include all the bundled elements of Standard Offer still be considered as Standard Offer? It is Citizens' opinion that a fairly significant Rules revision would be required in order to allow S.O. customers to own their meters.

Logistics

Should it be determined that Standard Offer customers may own their meters, several of the above cited questions would need to be answered and a number of modifications to existing business practices would be required. Because it hasn't been anticipated that under Standard Offer service some customers may own their meters, to successfully account for this variable will likely require modifications to existing systems. Further, the current AZ DASR process does not contemplate this practice and does not appear to provide a mechanism for it, therefore requiring additional modifications.

It may be necessary to impose certain restrictions on the metering prices charged by competitive providers to customers returning to S.O. service, especially if customer ownership of metering is a requirement of return to Standard Offer.

While its true that D.A. meters will likely have the UDC's required billing components displayed on the meter, it is not practical for the UDC's to be able to support all the current and emerging metering equipment that would fit within the minimum metering criteria developed by the ACC. Thus, UDC's are forced into a position of being "gatekeepers" of "approved metering lists" for their service territories in this scenario, and the development and application of new metering technology is, to a certain extent, somewhat bottlenecked in the process. This seems contradictory to the Commission's intent to allow competitive forces to more readily apply emerging technologies in order to increase customer benefit.

In summary, Citizens believes that it is not in the best interest to the developing markets in Arizona to allow (or require) customers returning to Standard Offer service to own their metering at this time. If, however, it is determined by the Commission that this would be in Arizona's best interest, Citizens recommends a very deliberate analysis of all the implications before a final determination is made.

Respectfully,